

VA Office of Inspector General

OFFICE OF AUDITS AND EVALUATIONS



Veterans Benefits Administration

*Audit of
the Quick Start
Program*

May 20, 2014
12-00177-138

ACRONYMS AND ABBREVIATIONS

ADTC	Average Days To Complete
BDD	Benefits Delivery at Discharge
C&P	Compensation and Pension
CPS	Consolidated Processing Site
CFR	Code of Federal Regulations
DoD	Department of Defense
FTE	Full-Time Employee
FY	Fiscal Year
OIG	Office of Inspector General
RVSR	Rating Veterans Service Representative
STAR	Systematic Technical Accuracy Review
TAP	Transition Assistance Program
VA	Veterans Affairs
VARO	Veterans Affairs Regional Office
VBA	Veterans Benefits Administration
VOR	Veterans Service Network Operations Report

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Report Highlights: Audit of VBA's Quick Start Program

Why We Did This Audit

The Veterans Benefits Administration (VBA) reported the Quick Start Program processed about 30,900 disability claims in FY 2013. This program offers servicemembers a seamless transition from the Department of Defense into VA's health care system. We evaluated the program's effectiveness at processing claims timely and accurately, comparing results from 2011 to 2013, to determine if VBA's timeliness and accuracy of claims processing improved during this period.

What We Found

In FY 2013, VBA successfully reduced Consolidated Processing Site's (CPS) Quick Start claims pending inventory by about 8,800 (51 percent) and reduced the average days to complete (ADTC) a claim from 291 days in 2011 to 249 days for the period of April through June 2013. The ADTC remained high because VBA lacked adequate program controls.

We projected veterans using the Quick Start Program in 2011 experienced an average delay of 196 days in receiving benefits valued at about \$88 million. This improved from April through June 2013, when the delays averaged only 99 days.

However, we estimated VBA accurately processed 62 percent of Quick Start claims during 2011, improving to about 69 percent during the period April through June 2013. Accuracy rates are still considered low because of insufficient oversight and training, and conflicting guidance on granting service connection for medical disabilities.

What We Recommended

We recommended the Under Secretary for Benefits increase Veterans Service Network Operation Report capabilities, include pre-discharge processing time in performance results, conduct recurring program evaluations, perform systematic reviews of Quick Start claims processing, and provide training on issues identified.

Agency Comments

The Under Secretary for Benefits concurred with Recommendations 3 through 7 and 9; and provided plans for corrective actions and requested the Office of Inspector General (OIG) close these recommendations. However, the Under Secretary for Benefits non-concurred with Recommendations 1, 2, and 8, stating OIG's findings on timeliness, backlog issues, and rating accuracy were not attributable to VBA's program oversight or management.

OIG Response

OIG's audit evidence sufficiently and appropriately provides a reasonable basis for our findings and conclusions. We requested VBA to provide OIG documentation of actions taken and will follow up on implementation of the corrective actions. Where VBA non-concurred, OIG will continue its scrutiny and reporting.

A handwritten signature in black ink that reads "Linda A. Halliday".

LINDA A. HALLIDAY
Assistant Inspector General
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TABLE OF CONTENTS

Introduction.....	1
Results and Recommendations	2
Finding 1 VBA Can Improve the Timeliness of Quick Start Claims Processing	2
Recommendations.....	8
Finding 2 VBA’s Quick Start Claims-Processing Accuracy Needs Significant Improvement	12
Recommendations.....	17
Appendix A Background.....	21
Appendix B Scope and Methodology	23
Appendix C Statistical Sampling Methodology.....	25
Appendix D VBA and OIG Discussions Related to Quick Start Claims-Processing Inaccuracies.....	29
Appendix E Under Secretary for Benefits Comments	31
Appendix F OIG Response to Under Secretary for Benefits Technical Comments.....	39
Appendix G VBA and OIG Disagreements on Claims-Processing Inaccuracies	43
Appendix H Office of Inspector General Contact and Staff Acknowledgments	49
Appendix I Report Distribution	50

INTRODUCTION

- Objective** This audit evaluated the effectiveness of the Veterans Benefits Administration's (VBA) Quick Start Program to process claims timely and accurately.
- Pre-Discharge Program** The purpose of the Pre-Discharge Program is to offer servicemembers a seamless transition from the Department of Defense (DoD) health care system into the VA medical and benefits system. A key Pre-Discharge Program goal is to provide disability benefits to veterans soon after DoD discharge. The Pre-Discharge Program allows servicemembers to file claims up to 180 days before discharge at intake sites located at DoD and VA facilities in the United States, Germany, and South Korea. VA Regional Offices (VAROs) are also intake sites. The VBA/DoD Program Office administers the Pre-Discharge Program.
- Quick Start Program** The Quick Start Program, which VBA initiated in 2008, is a component of its Pre-Discharge Program. Servicemembers may file Quick Start claims at intake sites 1 to 59 days prior to military discharge. They may also file Quick Start claims 60 to 180 days prior to discharge if they are unavailable to complete required medical examinations before discharge. Intake sites initiate claims processing then forward claims to Consolidated Processing Sites (CPSs) or designated Day One Brokering Centers. Quick Start claims are processed at CPSs collocated with the San Diego and Winston-Salem VAROs; and Day One Brokering Centers, collocated with the Columbia and San Diego VAROs. VBA reported the Quick Start Program processed approximately 22,200 disability claims in FY 2011, 34,900 in FY 2012, and 30,900 in FY 2013. CPSs in San Diego and Winston-Salem process most Quick Start claims.
- VBA Plans To Combine Programs** In 2011, the President signed into law the Veterans Opportunity to Work to Hire Heroes Act that includes a mandate for servicemembers to participate in the Transition Assistance Program (TAP). VBA estimates this mandate will double the number of servicemembers participating in TAP from 150,000 to 300,000 per year and significantly increase the number of pre-discharge claims. In response, VBA officials indicated they are considering combining the stand-alone Quick Start and Benefits Delivery at Discharge (BDD) Programs into one new program.
- Other Information** The following appendixes provide additional information:
- Appendices A through C provide detailed background information; the audit scope and methodology, and our statistical sampling methods
 - Appendix D summarizes VBA and Office of Inspector General (OIG) discussions on Quick Start claims-processing inaccuracies

RESULTS AND RECOMMENDATIONS

Finding 1 VBA Can Improve the Timeliness of Quick Start Claims Processing

VBA improved Quick Start claims-processing timeliness by reducing the average days to complete (ADTC) from 291 days in 2011 to 249 days for the period of April through June 2013.¹ However, VBA needs to reduce the 249-day average to achieve the VA Secretary's FY 2015 target of an average of 125 days to process disability claims. VBA can improve claims-processing timeliness of Quick Start claims by ensuring Quick Start Program controls include:

- Veterans Service Network Operations Report (VOR) automated system reports that track claims pending prior to military discharge
- Recurring evaluations to assess CPSs' ability to meet program targets
- Mandatory training on accurately identifying and processing Quick Start claims for CPS and intake site claims assistants

As a result, we projected veterans using the Quick Start Program in 2011 experienced an average delay of 196 days in receiving benefits totaling about \$88 million. During the period of April through June 2013, delays averaged 99 days affecting the delivery of approximately \$20.5 million of benefits. The delay in payments had the potential to adversely affect veterans' quality of life.

Improvement Opportunities

Significant opportunities exist for CPSs to improve Quick Start claims-processing timeliness. VBA improved Quick Start claims-processing timeliness by reducing the ADTC from 291 days in 2011 to 249 days for the period of April through June 2013. However, VBA still needs to reduce the 249-day average to achieve the VA Secretary's FY 2015 target of 125 days to process disability claims.

VBA improved its ADTC by reducing after discharge processing days from 250 days in 2011 to 192 days for the period April through June 2013. However, the before-discharge processing days increased from 41 days to 57 days for the same period. The evidence-gathering phase averaged 125 days or the same as the Secretary's 125-day average target for completing all phases of claims processing.

Quick Start claims processing includes six distinct phases—establishment, development initiation, evidence gathering, rating, award, and authorization.

¹We reviewed claims-processing during two distinct time periods to compare and evaluate VBA's progress towards achieving timeliness and accuracy goals.

Each phase includes specific claims-processing actions CPSs must complete within a specific time period. Appendix A provides additional details on the types of actions completed during each phase.

VBA reported the ADTC for all disability claims completed during FY 2011 was about 188 days, and approximately 227 days as of December 2011. The ADTC continued to increase and by June 2013 it was just over 337 days. Table 1 shows that the ADTC for Quick Start claims during 2011 exceeded the ADTC for all disability claims and Quick Start's ADTC improved from 2011 to 2013.

Table 1. OIG Analysis of VBA's Quick Start Program's Average Days To Complete Disability Claims

Descriptions	<u>2011</u> January-December	<u>2013</u> April-June	Days Difference
Before Discharge	41	57	16
After Discharge	<u>250</u>	<u>192</u>	<u>-58</u>
Totals	291	249	-42
Processing Phase			
Development Initiation	55	37	-18
Evidence Gathering	148	125	-23
Rating	71	70	-1

Source: VA OIG statistical analysis of Quick Start claims processing

Most of VBA's Quick Start claims-processing timeliness improvements occurred in the development initiation, evidence gathering, and rating phases. However, CPSs can further improve processing Quick Start claims by timely requesting compensation and pension (C&P) examinations, following up on evidence requests, and completing ratings. The following example highlights typical claims-processing delays that occur as claims move through the Quick Start Program.

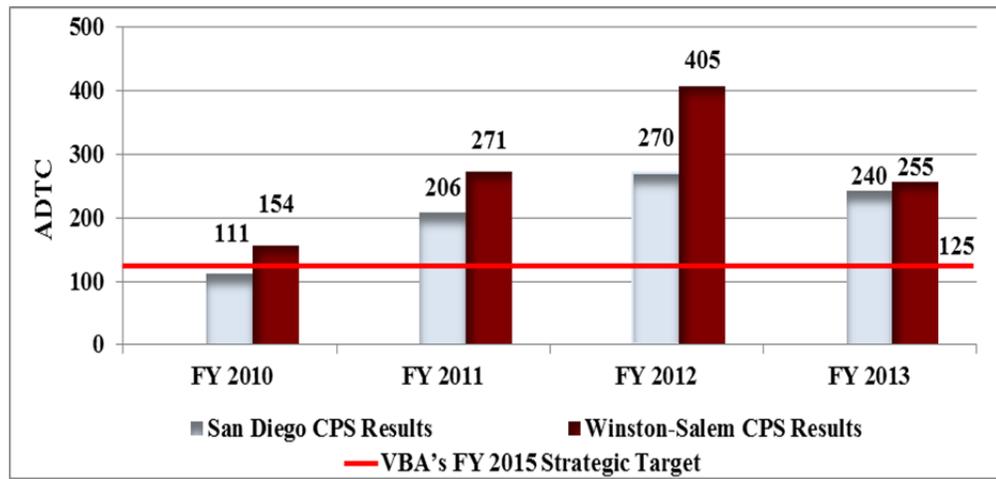
- **Development Initiation.** On May 3, 2012, staff at the Winston-Salem CPS received an established Quick Start claim from the Landstuhl, Germany, intake site. However, the Winston-Salem CPS did not initiate development by requesting a C&P examination until November 15, 2012, or 196 days after the claim was established.
- **Evidence Gathering.** On January 2, 2013, the Washington VA medical center made the C&P examination report available to Winston-Salem CPS staff. The examination report was the only evidence needed to complete the evidence-gathering phase. Winston-Salem CPS staff did not review the C&P examination report until January 15, 2013, or 13 days after it became available.

- **Rating.** Winston-Salem CPS completed the rating on May 3, 2013, or 107 days after completing evidence gathering.
- **Result.** Untimely actions during these three phases delayed the receipt of nearly \$8,000 in benefit payments to the veteran over a period of 294 days.

Significant Improvement Needed To Achieve Target

In FY 2010, the San Diego and Winston-Salem CPSs' claims-processing timeliness were near VBA's target of 125 days. During FYs 2011 and 2012, both CPSs' claims-processing timeliness declined. By FY 2012, the ADTC for the Winston-Salem CPS was 405 days and the San Diego CPS was 270 days. In FY 2013, although both CPSs had improved their claims-processing timeliness, the CPSs' ADTC were still 240 and 255 days, or about double the 125-day average target. The figure shows the claims-processing timeliness performance for FY 2010 through FY 2013.

Figure 1. The Quick Start Program's ADTC Compared With Program's Strategic Target



Source: VBA Office of Performance Analysis and Integrity, Quick Start workload reports

Reasons for Increased Processing Times

CPSs did not process Quick Start claims timely because VBA lacked adequate program controls. VBA policies require program managers to establish controls that ensure effective use of resources to achieve program missions and goals. By establishing the following controls, VBA can reduce Quick Start claims-processing time:

- Increasing VOR capabilities
- Performing recurring program evaluations
- Conducting mandatory training on Quick Start claims identification

VOR Capabilities

Claims-processing delays occurred prior to discharge because intake site staff did not have an adequate VOR to track Quick Start claims development.

VOR is VBA's automated system that provides data on a continuing basis regarding the number of Quick Start claims received and completed. In addition, intake site and CPS staff use VOR as a tool to assist staff in monitoring required claims-processing actions through establishment of suspense dates for actions, such as following up on C&P examination and private medical record requests.

However, VOR does not track pending days for individual Quick Start claims from the date VBA receives and establishes active servicemembers' claims to the date DoD discharges servicemembers. Therefore, CPS staff did not have this VOR information available to identify and process the oldest pending Quick Start claims first. Since servicemembers may submit Quick Start claims up to 180 days before discharge, it is critical that VOR has the capability to track Quick Start claims prior to discharge.

VBA Does Not Measure Timeliness Before Discharge

VBA's Quick Start claims-processing timeliness performance results do not include claims-processing time prior to servicemembers' discharge. For 2011, we projected the Quick Start ADTC included 41 days before DoD discharged the servicemembers. For the period April through June 2013, the ADTC before DoD discharged servicemembers increased to 57 days.

VBA executives contend that pre-discharge claims-processing time should not be included in timeliness performance measures because some pre-discharge claims-processing activities are outside VBA's control, such as the time VA facilities take to schedule and complete medical examinations. However, measuring this time is a true representation of the time it takes to process a claim in this program. VBA lacks control over the same type of claims-processing activities during post-discharge claims processing, yet includes time for performing these activities in timeliness performance measures.

VBA needs to account for time spent processing Quick Start claims, regardless of whether claims processing occurs before or after discharge. Excluding the time VBA staff spend on processing Quick Start claims before discharge prevents VBA and CPS managers from having the information needed to improve claims-processing timeliness. If VBA does not measure the true representation of the time it takes to process Quick Start claims, it cannot accurately determine the number of resources needed to process the claims timely.

Recurring Program Evaluations

VBA did not conduct formal and in-depth recurring evaluations of Quick Start Program operations and controls. Current policies require managers to ensure programs achieve their intended results, use resources consistent with VBA's mission, and protect programs from mismanagement. VBA evaluations of the program need to include systematic reviews that assess how well the program is working and examine achievements within the

context of other performance aspects, such as process/implementation, outcome, impact, and cost benefit evaluations.

VBA did not maintain sufficient staffing to process Quick Start claims inventories timely. VBA officials stated they have a limited number of staff to complete a large volume of disability claims. They also stated VBA used Quick Start Program staff to process higher priority *Nehmer* claims.² While VBA used a staffing model to allocate most staffing resources, it did not use the model or any other formal process to estimate staff needed for the program. Consequently, CPS staffing levels did not keep pace with program workload through FY 2013. Table 2 shows the quarterly changes in pending inventory and staffing during FYs 2010 to 2013.

Table 2. Illustration of the Changes in the Quick Start Claims-Pending Inventory Compared with the CPS Staffing

FY	Quarters	Pending Inventory		Staffing		Pending Inventory Per FTE
		Claims	Percent Change	FTE	Percent Change	Claims
2010	1 st	2,862		127		23
	2 nd	6,205	117	132	4	47
	3 rd	11,081	79	161	22	69
	4 th	16,049	45	162	1	99
2011	1 st	18,880	18	164	1	115
	2 nd	20,843	10	159	(3)	131
	3 rd	22,318	7	160	1	139
	4 th	24,522	10	124	(23)	198
2012	1 st	27,923	14	173	40	161
	2 nd	28,467	2	218	26	131
	3 rd	24,692	(13)	263	21	94
	4 th	17,397	(30)	261	(1)	67
3-Year Change		14,535	508%	134	106%	
2013	1 st	12,505	(28)	256	(2)	49
	2 nd	11,097	(11)	260	2	43
	3 rd	9,663	(13)	255	(2)	38
	4 th	8,559	(11)	250	(2)	34
1-Year Change		(8,838)	(51)%	(11)	(4)	

Source: VBA Office of Performance Analysis and Integrity and CPS staffing reports

From FY 2010 through FY 2012, Quick Start pending claims inventory increased over 500 percent, while staffing levels increased about

²Under the order of U.S. District Court for the Northern District of California, in *Nehmer versus U.S. Department of Veterans Affairs*, VA must re-adjudicate previously denied claims known as Agent Orange/*Nehmer* claims.

100 percent. This caused the quarterly pending inventory per full-time employee (FTE) to increase from a low of 23 claims to a high of 198 claims. In FY 2012, staffing levels increased significantly from 173 to 261 FTEs, which reduced pending inventory per FTE to 67 claims. From FY 2012 through FY 2013, VBA successfully reduced CPS's Quick Start claims pending inventory by about 8,800 or 51 percent.

*Staff Not Used
as Approved*

When VBA makes staffing allocation decisions, it needs to ensure VAROs use staff for the intended purpose or request approval from VBA to use the staff for another purpose. The following instance highlights how a VARO's use of allocated staff for a different purpose than intended adversely affected Quick Start claims-processing timeliness. In March 2011, the San Diego VARO requested 78 additional FTEs for the CPS. The request cited increases in Quick Start claims of over 400 percent from FY 2009 through FY 2010. The request also compared the period October through February for FYs 2010 and 2011, which showed a claims receipt increase of just over 50 percent. In response, VBA increased the CPS's ceiling by 30 staff to 130 FTEs in April 2011. However, according to CPS managers, the Veterans Service Center kept the 30 staff and took 44 additional staff from the CPS to complete more than 8,000 *Nehmer* claims.

Consequently, the San Diego CPS's pending inventory increased by 15 percent from about 10,100 to nearly 11,600 claims and ADTC increased 33 percent from 222 days to 295 days from April 2011 through March 2012. VARO management eventually shifted the 44 staff back to the CPS in October 2011 and added the 30 staff to increase the CPS's ceiling in March 2012. This was nearly a year after VBA approved the ceiling increase for CPS San Diego staff.

Since VBA expects a significant increase in pre-discharge claims, it is critical that VBA perform recurring program evaluations. These evaluations should include performing ongoing assessments regarding the effective use of staffing resources, regardless of whether VBA processes claims through Quick Start or other Pre-Discharge Programs.

*Training on
Quick Start
Claims*

Quick Start claims-processing timeliness experienced processing delays because claims assistants did not receive adequate training on identifying and processing Quick Start claims. For 45 of 90 claims randomly selected from incoming mail at CPSs and two VARO intake sites from April through August 2012, claims assistants incorrectly performed at least one processing action. Of the 45 claims incorrectly processed, claims assistants misrouted 23 claims to incorrect VBA facilities and misidentified 9 claims as the wrong type of claim.

To ensure VBA staff process Quick Start claims timely, claims assistants at intake sites and CPSs must receive training on correctly identifying and processing Quick Start claims. The example on the next page highlights how

misidentifying and misrouting claims adversely affected claims-processing timeliness and delayed the processing of a veteran's claim.

- On January 23, 2012, a VARO intake site received a foreign claim (non-Quick Start claim) from a servicemember residing in Japan. The Pittsburgh VARO is responsible for processing foreign claims. However, a claims assistant misidentified the claim as a Quick Start claim and shipped it to the Winston-Salem CPS on February 7, 2012. Over a period of almost 3.5 months, claims assistants at the CPS and VARO continued to ship the claim back and forth without initiating processing. Eventually, the Pittsburgh VARO began processing the claim on May 18, 2012. According to Pittsburgh VARO and Winston-Salem CPS managers, claims assistants frequently misrouted claims between the two facilities, which delayed processing for both Quick Start and non-Quick Start claims.

Results of Insufficient Controls

Insufficient program controls contributed to untimely benefit payments to veterans. As a result, we projected veterans using the Quick Start Program in 2011 experienced an average delay of 196 days in receiving benefits totaling approximately \$88 million. During the period of April through June 2013, delays averaged 99 days for approximately \$20.5 million of benefits. The delay in payments had the potential to adversely affect veterans' quality of life.

Conclusion

VBA improved the timeliness of Quick Start claims processing in 2013. However, VBA still needs to significantly improve timeliness to achieve the Secretary's FY 2015 target of averaging 125 days to process disability claims. VBA can enhance the effectiveness of the program by increasing VOR capabilities, conducting recurring program evaluations that identify needed staffing adjustments, and providing training on processing Quick Start claims. Implementing these improvements will help VBA achieve Quick Start Program goals. These improvements will also help VBA address the growth in claims expected through the program or any successor program.

Recommendations

1. We recommended the Under Secretary for Benefits establish Veterans Service Network Operations Report capabilities to track claims from the date the Veterans Benefits Administration receives and establishes active servicemembers' claims to the date of servicemembers' discharge from military service.
2. We recommended the Under Secretary for Benefits track and report claims-processing time prior to servicemembers' discharge in timeliness performance results for the Quick Start Program or its successor.

3. We recommended the Under Secretary for Benefits conduct recurring evaluations that identify needed staffing adjustments to ensure sufficient staff are allocated to accomplish the timeliness targets of the Quick Start Program or its successor.
4. We recommended the Under Secretary for Benefits require Consolidated Processing Site and intake site claims assistants staff obtain periodic training on identifying and processing claims submitted through the Quick Start Program or its successor.

**Management
Comments
and OIG
Response**

The Under Secretary did not concur that untimely claims processing occurred because of inadequate program controls. The Under Secretary stated the untimeliness was primarily the result of VBA outreach, veterans' use of technology to learn about available benefits, demand for compensation resulting from twelve years of war, and VA efforts to provide benefits to veterans exposed to Agent Orange. The Under Secretary also stated VBA's Transformation initiatives have resulted in steady improvements in the timeliness of Quick Start claims processing. The Under Secretary for Benefits concurred with Recommendations 3 and 4.

The Under Secretary attributed untimely Quick Start claims processing to various factors that resulted in veterans submitting additional disability compensation claims. Regardless of fluctuations in VBA's claims-processing workload, policies require managers to implement controls and ensure VBA effectively uses resources to achieve VBA's mission. Instead of ascribing delays to veterans seeking entitled benefits, VBA management needs to focus on how VBA can improve claims-processing timeliness by strengthening the operations and controls of the Quick Start Program or its successor.

While contradictory to the Under Secretary's introductory comments, the Under Secretary agreed with two of the OIG's recommendations. These recommendations were that VBA needed to strengthen controls to ensure appropriate staffing allocations for VBA's new pre-discharge program and claims assistants obtain periodic training on identifying and processing claims submitted through the Quick Start Program or its successor. Following is a summary of the Under Secretary's comments for each recommendation and our responses.

Recommendation 1 Management Comments: The Under Secretary for Benefits non-concurred with Recommendation 1 and stated an additional VOR is not needed because current VOR Future Claim Diary reports track the date an intake site establishes a claim and the date following the servicemember's separation from military service, as well as development progress.

OIG Response: OIG acknowledges VBA's non-concurrence. However, we noted in VBA's response that VBA has already implemented this recommendation.

Recommendation 2 **Management Comments:** The Under Secretary for Benefits non-concurred and stated VA does not consider the period between receipt of Quick Start claims and servicemembers' separation from service in its timeliness calculations because:

- VA has no legal authority to pay benefits until the claimant is separated from military service.
- The active duty service time may be extended, or the servicemember may decide to remain on active duty.
- Inclusion of time waiting for a servicemember to separate from service would not be an accurate measure of VA's timeliness.
- The time that elapses between receipt of a pre-discharge claim and the award of benefits may not be directly related to the development of the claim.

OIG Response: OIG acknowledges VBA's non-concurrence, but maintains VBA's reasons are not valid because:

- The legal authority preventing VBA from paying benefits until DoD discharges servicemembers from military service does not prevent VBA from tracking the time and resources spent developing Quick Start claims before DoD discharges servicemembers. Without the tracking of time and resources invested in this program initiative, VBA will lack the information needed to measure the program's effectiveness.
- If servicemembers extend active duty time less than 60 days from the expected discharge date at the time they submit their Quick Start claims, VBA generally continues to process their claims and thus, this time should be included in VBA's timeliness calculations. Generally, if servicemembers extend active duty time for 60 days or more, VBA does not process the claim under the Quick Start Program and time spent processing the claim should not be included in VBA's Quick Start timeliness calculations. When a servicemember extends their active duty status, prudent program management would require VBA to track the resources used in order to measure the program's effectiveness.
- Regardless of whether or not VBA is waiting for servicemembers to separate from military service, all time and resources VBA spends performing Quick Start claims-processing activities should be included in Quick Start performance metrics.
- For other disability claims, VBA considers all time from the date VBA receives the claim to the date VBA awards benefits as directly related to claims processing, and includes the time in its timeliness calculations. VBA should do the same for Quick Start claims.

By not including the pre discharge Quick Start claims processing time in its performance metrics, VBA can report more timely Quick Start claims processing to stakeholders. However, by taking this approach, VBA does not accurately report the total time taken to process claims and provide veterans their benefits. If VBA does not measure the true representation of time it takes to process Quick Start claims, it cannot accurately determine the number of resources needed to process the claims timely. Not monitoring claims-processing activities during pre-discharge time also limits VBA's information on challenges in this stage of claims processing and may hinder VBA from taking action to address them. Most importantly, tracking resources and time provides the view that is relevant to our veterans, who measure the program's effectiveness based upon the date they file their claim to the date they receive information that benefits have been approved.

Recommendation 3 Management Comments: The Under Secretary for Benefits concurred and stated VBA is developing a new Pre-Discharge Program that will replace the Quick Start Program. The VBA/DoD Program Office and the Office of Field Operations are working to ensure appropriate staffing allocations for the new Pre-Discharge Program. VBA requested closure of this recommendation.

OIG Response: VBA's planned actions meet the intent of OIG's recommendation. To close this recommendation, VBA needs to provide OIG documentation of recurring evaluations identifying needed staff and the decisions VBA makes to ensure sufficient staff are allocated to the new Pre-Discharge Program. OIG requests VBA to provide this documentation by April 30, 2015.

Recommendation 4 Management Comments: The Under Secretary for Benefits concurred and stated VBA's August 21, 2013, Fast Letter 13-20, "*Compensation Service National Training Curriculum for Fiscal Year 2014*," prescribes an initial curriculum, which mandated training for all newly hired claims assistants. In addition, claims assistants are required to complete 16 hours of station-selected training during fiscal year 2014.

OIG Response: VBA's planned actions meet the intent of OIG's recommendation. To close this recommendation, VBA needs to provide OIG documentation summarizing claims assistants' training completed during FY 2014. OIG requests VBA to provide this documentation by April 30, 2015. We will monitor implementation of these actions and will close the recommendations when we receive sufficient documentation demonstrating VBA progress in addressing the issues identified.

Finding 2 VBA's Quick Start Claims-Processing Accuracy Needs Significant Improvement

VBA needs to further improve Quick Start claims-processing accuracy rates. We projected that CPSs accurately processed 62 percent of Quick Start claims in 2011 and increased accuracy to about 69 percent during the period of April through June 2013. The 69 percent accuracy rate falls short of VBA's FY 2015 98 percent goal for processing disability claims by 29 percentage points.

Accuracy rates are still considered low because of insufficient oversight and training, and conflicting guidance on granting service connection for disabilities. As a result, we estimated some veterans were underpaid at least \$2.8 million and overpaid at least \$463,000 from December 2010 through July 2012.

Accuracy Rates Fell Short of Processing Goals

We projected CPSs accurately processed about 12,300 or 62 percent of Quick Start claims during 2011 and approximately 4,400 or 69 percent of claims processed during the period of April through June 2013. The 69 percent accuracy rate falls short of VBA's FY 2015 98 percent goal for processing disability claims by 29 percentage points. The inaccuracies included errors where CPSs did not process medical disability compensation claims in accordance with VBA policies and procedures. CPSs made the following types of claims-processing errors: (The type of errors are presented in the order of the frequency in which they occurred in our sample results).

- Incorrect decisions on severity level of disabilities
- Improper denials of claimed medical conditions
- Improper grants of claimed medical conditions
- Inadequate C&P examinations used to rate claims
- Failing to consider all claimed disabilities³

For the errors that had the potential to affect veterans benefits, claims folders did not contain medical evidence needed to evaluate claimed conditions properly or the errors could affect future evaluations for additional benefits.

³This type of error only occurred for the claims sampled from the period April through June 2013.

Accuracy rates improved for both impact and potential impact errors. Table 3 shows the accuracy rates for 2011 and the period of April through June 2013.

Table 3. Accuracy Rates for Quick Start Claims Processing

Claims	2011 January–December	2013 April–June	Change
Reviewed	100	60	
Without Any Errors	62%	69%	+7%
Without Impact Errors	87%	92%	+5%
Without Potential Impact Errors	70%	75%	+5%

Source: VA OIG statistical analysis of Quick Start claims processing

*Severity of
Service-
Connected
Disabilities*

Rating Veterans Service Representatives (RVSR) made incorrect decisions on severity levels of claimed service-connected disabilities. VBA's "Schedule of Ratings" policy details how CPSs must rate disability claims. The policy describes the degree of disability for both individual conditions and the overall disability rating as a percentage in 10 percent increments. The percentage that can be awarded ranges from 0 percent for conditions that are disabling but not to a compensable degree, to 100 percent for totally disabling conditions.

Generally, monetary compensation amounts depend on the veteran's degree of service-connected disability and the number of dependents. VA pays monetary benefits for combined disability ratings of 10 percent and higher. The following example highlights how CPS staff made incorrect decisions on the severity level of disability:

- In June 2012, a VA medical examination report determined a veteran's bilateral foot condition warranted a non-compensable evaluation. However, an RVSR incorrectly evaluated the veteran's condition at 30 percent disabling in April 2013. Additionally, the same RVSR incorrectly evaluated the veteran's right knee condition at 10 percent. The correct evaluation should have been 0 percent because the medical evidence showed no objective evidence of pain on motion. VBA Quality Assurance staff agreed the RVSR made incorrect decisions on the severity of both conditions that resulted in overpayments to the veteran totaling just over \$2,800 as of July 2013.

*Denied
Conditions*

CPS RVSRs improperly denied conditions, despite evidence of service connection. VBA policies require CPS RVSRs to deny disability claims if medical and other records, such as service treatment records and C&P medical examination reports, do not establish the claimed condition occurred because of military service. The following example highlights how an

RVSR erroneously denied service connection for a veteran's claimed conditions:

- In April 2013, an RVSR incorrectly denied service connection for a veteran's hearing loss and tinnitus. Service treatment records showed the veteran was diagnosed with hearing loss and tinnitus while on active duty. As such, the veteran's disabilities warranted service connection. The improper claim denial resulted in this veteran not receiving the benefits he was entitled to, totaling nearly \$2,400 as of August 2013. CPS management agreed the RVSR should not have denied the veteran's claim.

*Granted
Conditions*

CPS RVSRs improperly granted claimed conditions, despite a lack of evidence warranting service connection. VBA policies state that to grant service connection for a claimed disability, evidence must establish a veteran incurred an injury or disease resulting in disability coincident with Armed Forces service, or if pre-existing such service, was aggravated therein. The following example highlights how an RVSR improperly granted service connection for a veteran's claimed condition:

- In April 2013, an RVSR granted service connection for a veteran's claimed residual right arm fracture as 0 percent disabling. However, the VA medical examination report noted the condition had resolved and there were no residuals. VBA's Systematic Technical Accuracy Review (STAR) staff did not agree that the RVSR should have denied the veteran's claim, despite the lack of written policy showing service connection is warranted for a condition with no residuals. However, VBA's STAR staff agreed VBA did not have a written policy that would support the granting of this claim.

*C&P
Examinations*

CPS RVSRs used inadequate C&P medical examination reports to make decisions. RVSRs frequently use C&P medical examination reports when determining the severity of claimed conditions and whether claimed conditions resulted from military service. VBA policies require RVSRs to return examination reports for correction, if they are insufficient to evaluate claimed conditions, because they do not include required information or they include conflicting information. The following example highlights how an RVSR used an inadequate C&P medical examination report to make a claim rating decision:

- In April 2012, a veteran filed a claim for a left shoulder condition. In April 2013, an RVSR issued a decision that denied service connection, without having a record of a physical examination of the left shoulder. As a result, the RVSR may have incorrectly denied service connection for the left shoulder condition and the veteran may have received the incorrect amount of disability compensation. VBA's STAR staff reviewed the claim in November 2013 and agreed the RVSR should not

have denied the veteran's claim without receiving an adequate C&P medical examination.

Failing To Consider Claimed Disabilities

VBA policies require RVSRs to consider every disability that veterans claim. When deciding an original claim for compensation, or when supplemental service treatment records are received following promulgation of an original rating decision, VBA policies require RVSRs to determine service connection for all claimed disabilities, and to consider soliciting a claim for other chronic, unclaimed disabilities noted in the service treatment records. In addition, when preparing written rating decisions, RVSRs must recognize, develop, clarify, and decide all disabilities claimed. The following example highlights how an RVSR failed to consider a veteran's claimed disability:

- In December 2012, a veteran claimed service connection for hypertension, in addition to numerous other disabilities. In May 2013, the RVSR failed to consider this disability on the rating decision. Therefore, the veteran could have received a higher evaluation had the condition been rated as required. CPS management agreed the RVSR should have considered the claimed hypertension.

Reasons for Inaccuracies

CPS staff processed Quick Start claims inaccurately because of insufficient VBA and CPS oversight of claims processing and training on systemic issues. Conflicting guidance related to granting service connection also caused inaccuracies. Specifically, oversight, training, and guidance were lacking in the following areas:

- CPS second-level reviews were ineffective in ensuring claims-processing accuracy
- VBA's STAR did not include a systematic evaluation of Quick Start claim accuracy
- CPS managers did not analyze trends of quality review or STAR results to identify systemic issues
- CPS managers did not provide staff training on systemic issues identified during quality reviews and STAR
- CPS managers provided improper guidance to grant service connection for claims not linked to military service

Oversight and Training

During 2011, both CPSs assigned second-level reviewers to perform oversight of Quick Start claims-processing accuracy. According to managers at one CPS, second-level reviewers did not identify the errors because they had other responsibilities that prevented them from performing comprehensive accuracy reviews. To strengthen oversight of claims-processing accuracy, the San Diego and Winston-Salem VAROs established Quality Review Teams during the second quarter of FY 2012. At the local VARO level, the Quality Review Teams' primary responsibility is

to review processing accuracy of Quick Start and other types of claims. However, as shown by the 69 percent accuracy rate we estimated for the period April through June 2013, the improvements in accuracy were not as significant as we would have expected after VBA initiated their quality reviews.

The STAR Program is VBA's quality assurance program to ensure veterans and other beneficiaries receive accurate and consistent C&P benefits. However, VBA has not designed STAR to analyze Quick Start claims-processing accuracy systematically. Although STAR reviewed some Quick Start claims for accuracy, STAR's methodology for selecting claims to review did not ensure a systematic and representative selection of Quick Start claims. Thus, significant increases in claims-processing accuracy have not been realized. Consequently, VBA cannot ensure consistent and adequate oversight of Quick Start claims processing or monitor and report processing accuracy rates.

CPS managers ensured staff corrected erroneously processed claims identified by second-level reviewers and STAR, including any necessary adjustments to veterans' benefits. However, CPS managers missed the opportunity to develop and provide RVSRs training to prevent errors from recurring because they did not trend and analyze the errors.

*Conflicting
Guidance*

Another reason for inaccuracies was RVSRs granted service connection for disabilities without sufficient evidence showing the disability directly related to military service. VBA policies state that to grant service connection for a claimed disability, evidence must establish that a veteran incurred an injury or disease resulting in disability coincident with service in the Armed Forces, or if pre-existing such service, was aggravated therein.

Managers at both CPSs provided guidance to staff that conflicted with these VBA policies by instructing staff to grant service connection without establishing that claimed disabilities were linked to military service. CPS managers stated they provided this guidance because returning claims to VA medical or contracted C&P examination facilities for medical opinions on service connection would further delay processing.

CPS managers also stated they received verbal guidance from a STAR representative to reduce processing delays by proceeding with granting service connection for Quick Start claims without these opinions. However, this guidance conflicts with VBA regulations and STAR guidance specifically noted, "It is not correct to grant service connection solely due to a non-presumptive condition being diagnosed "close" to discharge without a nexus or link." To ensure consistency among CPSs, VBA central office managers, and STAR guidance, VBA needs to revise policies and procedures to clarify that evidence must establish a nexus linking veterans' claimed conditions to military service regardless of diagnosis proximity to discharge.

**Effects of
Inaccurate
Processing**

Inaccurate CPS processing of Quick Start claims resulted in veterans receiving inaccurate benefit payments. As a result, we estimated some veterans were underpaid at least \$2.8 million and overpaid at least \$463,000 from December 2010 through July 2012. Inaccurate CPS Quick Start claims processing also could have potentially affected additional veterans' present and future benefits. For these claims, we could not determine whether CPSs assigned correct evaluations or whether errors affected veterans' present or future benefits because claims folders did not contain evidence needed to evaluate claimed conditions.

Conclusion

By strengthening oversight, providing training, and ensuring adherence to VBA policies, VBA will be better positioned to achieve its accuracy targets and improve effectiveness of the Quick Start Program. While claims-processing timeliness is the main focus of the program, claims-processing accuracy is equally critical to ensure servicemembers experience a smooth transition from DoD's health care system to VA's health care and benefits system. Furthermore, as VBA moves towards expanding its Pre-Discharge Program, it will become increasingly important that VBA significantly improve the accuracy of pre-discharge claims processing.

Recommendations

5. We recommended the Under Secretary for Benefits modify Systematic Technical Accuracy Reviews to include a systematic review of claims processed through the Quick Start Program or its successor.
6. We recommended the Under Secretary for Benefits establish policies and procedures requiring Consolidated Processing Site managers to analyze trends of systemic issues identified during Quality Review Team and Systematic Technical Accuracy Review evaluations of claims processed through the Quick Start Program or its successor.
7. We recommended the Under Secretary for Benefits establish policies and procedures requiring Consolidated Processing Site managers to provide staff recurring training on systemic issues identified during trend analyses of Quality Review Team and Systematic Technical Accuracy Review results.
8. We recommended the Under Secretary for Benefits revise policies and procedures to clarify that evidence must establish a nexus linking veterans' claimed conditions to military service regardless of diagnosis proximity to discharge.
9. We recommended the Under Secretary for Benefits require Consolidated Processing Site managers to ensure staff adhere to Veterans Benefits Administration policies related to service connection while processing claims received through the Quick Start Program or its successor.

**Management
Comments
and OIG
Response**

The Under Secretary concurred with Recommendations 5, 6, 7, and 9. The Under Secretary did not concur with Recommendation 8. Specifically, the Under Secretary did not concur with the OIG's assessment that Quick Start claims-processing inaccuracies occurred because of insufficient oversight, training, and conflicting guidance on granting service connection for medical disabilities. The Under Secretary stated the OIG report of accuracy is unreliable because VBA disagreed with 22, or 36 percent, of the errors identified.

The Under Secretary also stated Quick Start claims were subject to STAR in the same manner as all other disability compensation claims and were included in the regional office STAR statistically valid random sample. The Under Secretary further stated that in FY 2012, both the San Diego and Winston-Salem Regional Offices established Quality Review Teams and Compensation Service Quality Assurance staff began conducting special focused reviews of Quick Start claims.

The Under Secretary's non-concurrence with our statements that low accuracy rates occurred because of insufficient oversight and training is contradictory to the Under Secretary's concurrence with Recommendations 5, 6, and 7, which address inadequacies in oversight and training. Despite the Under Secretary's non-concurrence that VBA issued conflicting guidance on granting service connection without medical opinions, audit evidence confirmed that STAR staff did provide guidance that conflicted with VBA policy. Two San Diego CPS managers told the audit team that STAR staff had instructed the CPS to proceed with granting service connection for Quick Start claims without medical opinions even though VBA policy required medical opinions. About 3 months later, a Winston-Salem CPS manager corroborated the San Diego CPS managers' statements.

The OIG's reported accuracy rates for VBA Quick Start claims processing are accurate. The Under Secretary stated that the OIG report of accuracy is unreliable because VBA disagreed with 22 of the 61 errors identified by the OIG. The Under Secretary is referring to 22 claims where VBA disagreed with OIG accuracy review results before STAR and OIG staff discussed the review results in November 2013. During these discussions, VBA reduced its disagreements by 4 claims and the OIG agreed 5 claims did not have errors, thus reducing the number of claims with disagreements to 13 of 56 claims. Appendix D provides additional details about these discussions. OIG and VBA mainly disagreed because of differences in how claims-processing errors are identified. Appendix G, which we added after we received the Under Secretary's comments, explains these differences and provides details for each of the 13 claims where VBA disagreed with the OIG's accuracy results.

Recommendation 5 Management Comments: The Under Secretary for Benefits concurred and stated VBA has made revisions to the Quality Assurance Plan to include

special focused reviews of Quick Start claims that are identified by a third digit modifier of seven. These reviews will take place bi-annually each June and December. VBA requested closure of this recommendation.

OIG Response: VBA's planned actions generally meet the intent of OIG's recommendation. However, considering the significance of OIG's timeliness and accuracy findings, we believe VBA needs to perform its planned special focused reviews of Quick Start claims quarterly instead of bi-annually. To close this recommendation, VBA needs to provide OIG the results of quarterly reviews by April 30, 2015.

Recommendation 6 **Management Comments:** The Under Secretary for Benefits concurred and stated that beginning in January 2014, the results of STAR Quick Start claim reviews were included in VBA's regularly scheduled quarterly error analysis reports and shared with CPS managers. The Under Secretary also stated VBA implemented local Quality Review Teams in March 2012, which communicate findings with CPS managers for analysis of trends. VBA requested closure of this recommendation.

OIG Response: VBA's planned actions meet the intent of OIG's recommendation. To close this recommendation, VBA needs to provide OIG its trend analysis of systemic issues identified during STAR and Quality Review Team reviews. OIG requests VBA provide this information by April 30, 2015.

Recommendation 7 **Management Comments:** The Under Secretary for Benefits concurred and stated STAR and Quality Review Team results will be used to provide local training. VBA requested closure of this recommendation.

OIG Response: VBA's planned actions generally meet the intent of OIG's recommendation. However, the planned actions do not specify how often CPS staff will receive the training. To close this recommendation, VBA needs to establish policies on how frequently CPS staff will receive the training and provide OIG a summary of training completed. OIG requests VBA provide documentation of these actions by April 30, 2015.

Recommendation 8 **Management Comments:** The Under Secretary for Benefits did not concur and stated the rules for the establishment of a nexus linking a Veteran's claimed conditions to service are already published in 38 Code of Federal Regulations (C.F.R.) 3.303 and 3.159. The Under Secretary noted that there are no separate evidentiary standards that have been established for Quick Start claims and that a nexus between the current disability and military service must be shown for all conditions. The Under Secretary also cited 38 C.F.R. 3.159(c)(4)(ii) stating that a medical opinion is not necessary if there is "competent evidence showing post-service treatment for a condition, or other possible association with military service."

OIG Response: OIG acknowledges VBA's non-concurrence, but maintains 38 C.F.R. 3.159(c)(4) outlines the elements for determining if a medical examination or medical opinion is necessary. One requirement for this determination is that the information and evidence of record indicates the claimed disability or symptoms may be associated with an established event, injury, or disease in service or with another service-connected disability. 38 C.F.R. 3.159(c)(4)(ii) states that this requirement could be satisfied by competent evidence showing post-service treatment for a condition, or other possible association with military service. VBA incorrectly cites this provision as support for not needing a medical opinion, when it actually describes when a medical examination or medical opinion is necessary.

Our audit found inconsistencies between statements made by CPS managers, STAR staff and managers, and C&P program managers regarding requirements on considering diagnosis proximity to discharge when establishing a nexus linking veteran's claimed conditions to military service. This clearly demonstrates a need to clarify VBA policies and procedures for claims processing staff and reduce these types of errors. VBA needs to provide revised policies and procedures clarifying that evidence must establish a nexus regardless of diagnosis proximity to discharge.

Recommendation 9 **Management Comments:** The Under Secretary for Benefits concurred and stated revisions to VBA's Quality Assurance Plan, including special focused reviews of Quick Start claims, will help ensure staff members adhere to VBA policies related to service connection. VBA requested closure of this recommendation.

OIG Response: VBA's planned actions meet the intent of OIG's recommendation. To close this recommendation, VBA needs to provide its revised Quality Assurance Plan and the results of its quarterly special focused reviews of Quick Start claims. OIG requests VBA provides this information by April 30, 2015.

We will monitor implementation of these actions and will close the recommendations when we receive sufficient documentation demonstrating VBA progress in addressing the issues identified. The Under Secretary for Benefits also provided technical comments on the OIG's draft report. Appendix E includes the full text of the Under Secretary's comments and Appendix F provides the OIG's response to the technical comments.

Appendix A Background

Pre-Discharge Program Components

VBA's Pre-Discharge Program includes three other components besides Quick Start—BDD, Very Seriously Ill/Seriously Ill, and the Integrated Disability Evaluation System. Every component helps to provide servicemembers a seamless transition from DoD's health care system into the VA medical and benefits system. However, each component has unique requirements for servicemember participation.

Benefits Delivery at Discharge

To file BDD claims, servicemembers must complete all required medical examinations in the geographical area where they are serving and submit their claims 60 to 180 days prior to DoD discharge from military service. Similar to Quick Start claims, servicemembers file BDD claims with intake sites located at DoD and VA facilities. Intake sites transfer BDD claims to Rating Activity Sites colocated with the Salt Lake City and Winston-Salem VAROs.

Very Seriously Ill/Seriously Ill

To file Very Seriously Ill/Seriously Ill claims, servicemembers must be considered for discharge from military service because of an injury or illness. All veterans with DoD classification codes of very seriously injured, seriously injured, or a special category involving an amputation, may also submit Very Seriously Ill/Seriously Ill claims. Typically, Operation Enduring Freedom/Operation Iraqi Freedom servicemembers submit Very Seriously Ill/Seriously Ill claims. VAROs with jurisdiction over the location where the servicemember will reside after discharge process these claims.

Integrated Disability Evaluation System

The DoD/VBA Integrated Disability Evaluation System determines if servicemembers are unfit for duty. If servicemembers are medically unfit for duty, the Integrated Disability Evaluation System proposes VA disability ratings and VA Military Service Coordinators help servicemembers submit their disability benefit claims prior to discharge from military service.

The Integrated Disability Evaluation System emphasizes simplifying the evaluation process by providing servicemembers comprehensive medical examinations and disability evaluations. VBA completes all Integrated Disability Evaluation System rating activities at Disability Rating Activity Sites in Seattle, WA; Baltimore, MD; and Providence, RI.

Phases of Claims Processing

Quick Start claims processing includes six distinct phases. Each phase represents an explicit time period and includes specific claims-processing actions. CPS staff must complete each claims-processing action promptly and accurately to accomplish the Quick Start Program mission effectively.

Table 4 provides descriptions of each phase and examples of actions completed during each phase.

Table 4. Description of Each Phase of the Quick Start Program's Claims Process

Phase	Description
Establishment	From date claim is received to date of claim establishment. Staff establish the claim by date stamping the claim, determining the type of claim, and recording the claim date in VBA's claims tracking system.
Development Initiation	From date of claim establishment to date of first evidence request. Staff request a C&P examination and prepare a Veterans Claims Assistance Act letter requesting applicable evidence, such as service treatment records, private medical records, and verification of service.
Evidence Gathering	From date of first evidence request to date claim is made ready to rate. Staff follow up on evidence requests and review received evidence to ensure claim is ready to rate.
Rating	From date claim is made ready to rate to date of rating decision. Staff evaluate claim evidence and prepare a rating decision.
Award	From date of rating decision to date decision letter is printed. Staff prepare decision letter and calculate benefit amount if service connection is awarded.
Authorization	From date decision letter is printed to date decision notification letter is released. Staff mail decision notification letter and clear claim in VBA's claims tracking system, which automatically records claim completion date.

Source: VBA Manual M21-1 & M21-4, Office of Performance Analysis and Integrity Web site, and Fast Letter 09-31

Appendix B Scope and Methodology

Scope

We conducted our audit work from March 2012 through February 2014. The audit focused on VBA's timeliness and accuracy of processing about 19,900 Quick Start claims completed during calendar year 2011, and about 6,400 Quick Start claims completed during the period of April 1 through June 26, 2013.⁴ We excluded claims located at VAROs outside the continental United States and claims completed by other VBA stations instead of CPSs.

We visited VBA's two CPSs collocated with the San Diego and Winston-Salem VAROs and the Pittsburgh VARO intake site. Audit evidence obtained from the CPSs included interviews, management reports and records, observations, and sampled claims folders. We compared the results from 2011 with those from 2013 to determine if VBA's timeliness and accuracy of claims processing improved during this period. This comparison was necessary to provide VBA with sufficient time to fully assess the performance of the program.

Methodology

To accomplish the audit objective, we reviewed applicable laws and VBA regulations, policies, procedures, and guidelines related to the Quick Start Program. We interviewed managers and staff from VBA's Compensation Service, Office of Field Operations, and Office of Performance Analysis and Integrity. During the two CPS site visits we:

- Interviewed VARO and CPS management and claims-processing staff, including Veterans Service Center managers, coaches, RVSRs, veterans service representatives, claims assistants, and quality review team members
- Reviewed workload management plans, systematic analyses of operations, manager and staff performance plans, FTE allocations and levels, and claims assistants and veterans service representatives training records
- Observed CPS mailroom operations and reviewed 65 incoming claims located in the mailroom to assess claims assistants' ability to identify and forward Quick Start claims to appropriate staff for further processing
- Evaluated timeliness and accuracy of claims processing for 160 sampled Quick Start claims (89 at San Diego CPS and 71 at Winston-Salem CPS)

For each sampled claim, we reviewed claims folders and information recorded in VBA's automated workload management systems. We

⁴We did not include Quick Start claims completed during June 27–29, 2013, because the population of these claims was not available from VOR at the time we selected the sample. No Quick Start claims were completed on June 30, 2013.

complemented the audit team with OIG Benefits Inspectors to augment the technical expertise needed to draw conclusions on the accuracy of payments.

At the Pittsburgh VARO, we interviewed management staff and reviewed claims assistants' training records. We also reviewed 103 claims to assess the accuracy of intake site identification of Quick Start claims. Of the 103 claims, we statistically selected 78 from the population of claims completed by the Pittsburgh VARO during 2011, and we selected 25 incoming claims located in the mailroom. Appendix C provides additional details on the statistical sampling methodology.

Fraud Assessment

We assessed the risk of fraud, violations of legal and regulatory requirements, and abuse. We developed specific audit steps to identify potentially fraudulent Quick Start claims, including trying to detect altered Certificates of Release or Discharge from Active Duty and unverified military service. We also reviewed and assessed the accuracy of awarded monetary benefits. We exercised due diligence in staying alert to any indications of fraud and abuse. We did not identify any instances of fraud or abuse.

Data Reliability

We assessed the reliability of VOR data by comparing electronic data with hard copy documentation in claims folders for claim and discharge dates and the veteran's name and social security number. We determined the VOR data were sufficiently reliable to accomplish the audit objective.

We also assessed the reliability of VOR's reported population of Quick Start claims completed during 2011 and during the period of April through June 2013. We determined the population was not sufficiently reliable for the audit objective because VOR reported Quick Start claims incorrectly as non-Quick Start claims and non-Quick Start claims incorrectly as Quick Start claims. Consequently, we did not rely on the VOR population of Quick Start claims and instead estimated the population based on our audit results of sampled claims.

Government Standards

Our assessment of internal controls focused on those controls relating to our audit objective. We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix C Statistical Sampling Methodology

Approach

To evaluate the effectiveness of VBA's Quick Start Program to process claims timely and accurately, we reviewed a representative sample of Quick Start claims to quantify claims-processing days and rating inaccuracies. We also used statistical sampling to estimate the quantity and value of inaccurate benefit payments to veterans.

We determined the amount of time claim benefit payments were delayed by analyzing claims-processing delays within CPS control that were between completion of one processing action and the beginning of a subsequent action. We considered claim ratings inaccurate if CPS staff incorrectly assessed severity level of disabilities, improperly denied or granted medical conditions, or based rating decisions on inadequate C&P examination reports. We discussed our results with CPS supervisors.

Populations

We selected samples from two populations of completed Quick Start claims—one from calendar year 2011 and one from the period of April through June 2013. During 2011, VBA reported a population of about 21,800 Quick Start claims completed. From the 21,800 total population, we subtracted approximately 490 claims located at VAROs outside the continental United States and about 380 claims completed by other VBA stations instead of CPSs reducing the population to approximately 20,930 claims. However, we determined VBA's population was unreliable because it included non-Quick Start claims. Therefore, we estimated a population of just nearly 19,900 claims.

From April through June 2013, VBA reported a population of about 7,700 Quick Start claims completed. We reduced the population to approximately 7,000 by excluding about 580 claims completed by other VBA stations instead of CPSs, and approximately 110 claims located at VAROs outside the continental United States. Because we determined VBA's reported population for this time period was unreliable, we estimated a population of about 6,400 claims based on our audit of sampled claims.

Sampling Design

We selected a simple random sample of claims from both populations. For the 2011 population, we stratified the sample into two strata—one for claims completed by the San Diego CPS and one for claims completed by the Winston-Salem CPS. Using proportional allocation, we selected a sample of 100 claims—59 from the San Diego CPS population and 41 from the Winston-Salem CPS population. For the 2013 population, we followed the same sampling design except we did not use proportional allocation and instead selected 30 claims from each stratum for a total of 60 sampled claims. We used a random number generator to identify claims for inclusion in the sample. This method ensured that if additional samples became necessary, we would select them in random order.

Projections and Margins of Error

We calculated estimates in this report using weighted sample data. We computed sampling weights by taking the product of the inverse of the probabilities of selection at each stage of sampling. We used WesVar software to calculate population estimates and associated sampling errors. WesVar employs replication methodology to calculate margins of error and confidence intervals that correctly account for the complexity of the sample design.

Margins of error and confidence intervals are indicators of estimates precision. If we repeated this audit with multiple samples, the confidence intervals would differ for each sample, but would include the true population value 90 percent of the time. For example, in Table 5, we are 90 percent confident the true population of Quick Start claims for 2011 was between about 19,180 and 20,620. For each estimate, we used the mid-point or lower limit of the 90 percent confidence interval projections. Table 5 shows the sample size and projections related to timeliness in 2011.

Table 5. Timeliness Projections for Quick Start Program Claims Processing for FY 2013

Descriptions	Mid Point	Margin of Error	90% Confidence Interval		Sample Size
			Lower Limit	Upper Limit	
Claims Population	19,900	720	19,180	20,620	100
Average Total Days	291	20	271	311	100
Average Days Before Discharge	41	5	37	46	100
Average Days After Discharge	250	19	231	269	100
Average Delay Months	7	0.6	6.5	7.6	99
Benefits Payments Experiencing Delays (\$ in Millions)	\$88.0	\$22.2	\$65.8	\$110.2	99
Development Initiation Phase					
Average Total Days	55	12	43	67	100
Evidence Gathering Phase					
Average Total Days	148	15	133	163	100
Rating Phase					
Average Total Days	71	12	59	83	100

Source: VA OIG statistical analysis of Quick Start claims processing

Table 6 shows the sample size and projections related to timeliness during the period of April through June 2013.

Table 6. Timeliness Projections for the Quick Start Program's Claims Processing for April through June 2013

Descriptions	Mid Point	Margin of Error	90% Confidence Interval		Sample Size
			Lower Limit	Upper Limit	
Claims Population	6,400	420	5,980	6,820	60
Average Total Days	249	27	222	277	60
Average Days Before Discharge	57	8	49	65	60
Average Days After Discharge	192	27	166	219	60
Average Delays Months	3.8	0.6	3.3	4.3	58
Benefits Payments Experiencing Delays (\$ in Millions)	\$20.5	\$5.2	\$15.3	\$25.7	58
Development Initiation Phase					
Average Total Days	37	10	26	47	60
Evidence Gathering Phase					
Average Total Days	125	18	107	143	60
Rating Phase					
Average Total Days	70	22	48	93	60

Source: VA OIG statistical analysis of Quick Start claims processing

We also projected sample results related to claims-processing accuracy. Accuracy errors were instances where CPSs did not process medical disability compensation claims in accordance with VBA policies and procedures. If claims folders included sufficient evidence to evaluate claimed conditions properly and errors affected veterans' monthly benefits, we projected the amount of underpayments or overpayments. Otherwise, we projected the number of claims with potential to impact veterans' benefits.

Similar to our timeliness projections, if we repeated this audit with multiple samples, the confidence intervals for our accuracy review would differ for each sample, but would include the true population value 90 percent of the time. For example, in Table 7 on the next page, we are 90 percent confident the percentage of Quick Start claims in 2011 without errors is between 53.9 and 70.1 percent. For each estimate, we used the mid-point or lower limit of the 90 percent confidence interval projections.

Table 7 on the next page, shows the sample size and projections related to the accuracy of claims processing for 2011.

Table 7. Accuracy Projects for the Quick Start Program's Claims Processing for FY 2013

Descriptions	Mid-Point	Margin of Error	90% Confidence Interval		Sample Size
			Lower Limit	Upper Limit	
Percent With Errors	38.0%	8.1%	29.9%	46.2%	38
Percent Without Errors	62.0%	8.1%	53.9%	70.1%	62
Percent Without Impact Errors	86.9%	5.6%	81.4%	92.5%	87
Percent Without Potential Impact Errors	70.0%	7.7%	62.3%	77.7%	70
Incorrect Benefit Payments					
Underpayments (\$ in Millions)	\$8.1	\$5.2	\$2.8*	\$13.3	38
Overpayments (\$ in Millions)	\$2.6	\$2.1	\$0.5*	\$4.7	38

Source: VA OIG statistical analysis of Quick Start claims processing

*For these projections, because the confidence interval was 30 percent or more of the midpoint of the interval, we used the lower limit projections.

Table 8 shows the sample size and projections related to accuracy during the period of April through June 2013.

Table 8. Accuracy Projection for the Quick Start Program's Claims Processing for April through June 2013

Descriptions	Mid-Point	Margin of Error	90% Confidence Interval		Sample Size
			Lower Limit	Upper Limit	
Percent With Errors	30.7%	10.3%	20.3%	41.0%	18
Percent Without Errors	69.3%	10.3%	59.0%	79.7%	42
Percent Without Impact Errors	92.0%	5.9%	86.1%	97.9%	55
Percent Without Potential Impact Errors	75.4%	9.7%	65.7%	85.1%	46

Source: VA OIG statistical analysis of Quick Start claims processing

Note: We did not include projections for underpayments and overpayments in Table 8 because the confidence interval was 30 percent or more of the midpoint of the interval and lower limit projections were insignificant.

Appendix D VBA and OIG Discussions Related to Quick Start Claims-Processing Inaccuracies

The OIG's audit concluded that CPS staff inaccurately processed 56 of 160 Quick Start claims. We provided the results for the 56 inaccurately processed claims to CPS officials and VBA STAR staff. Discussions related to the inaccuracies for these claims are summarized below.

Discussions With CPSs

Officials in the San Diego CPS did not concur that two of the inaccurately processed claims were errors as management felt the proximity of the initial diagnoses for the conditions after the veterans' discharge warranted granting the condition. However, management at the Winston-Salem CPS did concur with similar errors. VBA program officials did not agree that the San Diego or Winston-Salem CPS claims were erroneous and stated they considered these claims correctly processed based on their interpretation of VBA policy. In spite of VBA policy, and despite no evidence linking the veterans' claimed disabilities to military service, VBA program officials felt reasonable doubt should be resolved in favor of claimants.

We disagreed with VBA because the evidence for these claims did not show the veterans' claimed conditions incurred coincident with service as required by VA policy. VBA officials' interpretation of policy is that the close proximity of diagnoses after military service discharge dates serves as evidence of a disability incurring coincident with service. This interpretation conflicts with VBA regulations and STAR guidance. STAR guidance specifically notes, "It is not correct to grant service connection solely due to a non-presumptive condition being diagnosed "close" to discharge without a nexus or link."

On April 10, 2013, VBA added the court case of *King v. Shinseki* to the Index of Court Cases and Decision Assessment Document Cases. This decision clarified that VA staff may use lay evidence from a claimant to establish a medical condition, including the nexus or link. Because of this court decision, we decided to remove one of the two previously identified San Diego CPS errors where the claim file showed lay evidence establishing the nexus.

However, we did not remove identified errors that did not show lay evidence establishing a nexus, because VBA regulations still do not warrant granting service connection solely due to a diagnosis close to a veteran's discharge from military service. Considering the *King v. Shinseki* case and the inconsistency among CPSs and VBA managers, VBA must provide clearer guidelines to CPS and management staff that evidence must establish a nexus linking veterans' claimed conditions to military service regardless of diagnosis proximity to discharge. Recommendation 8 in this report addresses this issue.

***Discussions
With STAR***

For 43 of the 56 claims, VBA's STAR staff agreed with the audit conclusions. For the remaining 13 claims, STAR staff and the OIG could not come to agreement. However, for 2 of the 13 claims, STAR staff agreed they were procedurally flawed, but still disagreed with the OIG's findings. OIG and STAR mainly disagreed because the OIG's claims-processing accuracy review methodology differs from STAR's review process. Appendix G provides details on VBA and OIG disagreements on claims-processing inaccuracies.

Appendix E Under Secretary for Benefits Comments

Department of Veterans Affairs

Memorandum

Date: April 8, 2014
From: Under Secretary for Benefits (20)
Subj: OIG Draft Report—Audit of VBA's Quick Start Program [Project Number 2012-00177-R3-0011]—VAIQQ 7363520
To: Assistant Inspector General for Audits and Evaluations (52)

1. Attached is VBA's response to the OIG's Draft Report: Audit of VBA's Quick Start Program.
2. Questions may be referred to Christine Ras, Program Analyst, at 461-9057.


Allison A. Hickey

Attachments

**Veterans Benefits Administration (VBA)
Comments on OIG Draft Report
Audit of VBA's Quick Start Program**

The Veterans Benefits Administration provides the following general comments:

VBA has worked diligently to address the challenges associated with an increasing number of disability claims filed by our Nation's veterans. The challenges are significant and often result from factors outside VBA's control. The OIG draft report states that the delay in processing Quick Start claims occurred because VBA lacked adequate program controls. It also states that claims accuracy is diminished by insufficient oversight and training, as well as by conflicting guidance on granting service connection. VBA non-concurs with both of these conclusions.

Timeliness of Quick Start Claims Processing

VBA non-concurs with OIG's finding that timeliness and backlog issues are the result of inadequate program controls. The backlog of disability claims, including pre-discharge claims, is primarily the result of VBA initiatives to increase outreach and access for servicemembers and veterans; increased use of technology and social media by veterans and their families to learn about available benefits and services; increased demands for compensation as a result of twelve years at war and an aging population of previous-era veterans; and VA efforts to provide long-awaited benefits to Vietnam veterans exposed to Agent Orange by creating additional presumptive diseases.

- **Impact of Agent Orange Exposure-Related Compensation:** Significantly impacting all areas of claims processing in 2011 through 2013 was the addition of ischemic heart disease, Parkinson's disease, and B-cell leukemias to the list of Agent Orange-associated presumptive diseases in August 2010. Prioritizing the processing of claims for the three new presumptive conditions was clearly the right thing to do for these Vietnam veterans and their survivors, many of whom had waited years to receive their earned benefits. Claims for these disabilities fell under the *Nehmer* court case, which mandates VA review previously decided claims for these conditions back to 1985 for possible service connection. VA allotted significant resources to processing over 260,000 Agent Orange related claims received in 2011, requiring 13 VA centers to exclusively devote personnel to 90,000 *Nehmer* claims. This created residual impact on overall claims processing timeliness, including Quick Start claims, into 2012 and 2013.
- **Improvements in Quick Start Timeliness:** VBA's Transformation initiatives have resulted in steady improvement in the timeliness of claims processing that is evident in the data for Quick Start claims. Beginning in 2013, VBA began a major effort focused on Quick Start claims and has achieved major reductions in the Quick Start inventory, reducing the number of Quick Start claims pending from 18,420 as of October 2012, to 7,214 as of March 29, 2014 – a reduction of 61 percent. Timeliness improvements are also reflected in the reduction of 178 days of average processing time for Quick Start claims – from 337 days in July 2012 to 159 days currently. Similar improvement is shown in the average days pending for Quick Start claims – from 236 days in May 2012 to 105 days as of March 29, 2014.

Accuracy of Quick Start Claims Processing

VBA non-concurs with OIG's assessment that accuracy of Quick Start claims was 69 percent for 2013 and that accuracy suffers from insufficient oversight and training. VBA further non-concurs with OIG's conclusion that it issued conflicting guidance on granting service connection for medical disabilities in Quick Start claims. VBA reviewed 61 cases where OIG cited accuracy errors. Of the 61 error citations, VBA disagreed with 22, or 36 percent, of the errors identified. Based on this VBA finding, the OIG report of accuracy is unreliable.

VBA has continually monitored claims decision accuracy and has provided substantial training and oversight for claims processing personnel. The Quick Start Pre-Discharge Program was fully implemented during the first quarter of fiscal year (FY) 2010. Once the logistics of the program were in place, Quick Start claims were subject to Systematic Technical Accuracy Review (STAR) in the same manner as all other disability compensation claims. As with Benefits Delivery at Discharge claims, Quick Start claims were included in the regional office STAR statistically valid random sample. During FY 2012, with the implementation of the Transformation initiative Quality Review Teams (QRTs), both the San Diego and Winston-Salem Regional Offices established QRTs for the Quick Start Pre-Discharge Program. The Quality Review Teams' sole responsibility is to review processing accuracy of Quick Start claims. In addition, the Compensation Service Quality Assurance Staff began conducting special focused reviews of Quick Start claims.

VBA provides the following technical comments:

Page 1, paragraph 4, line 6:

"In response, VBA officials indicated they are considering combining the stand-alone Quick Start and Benefits Delivery at Discharge (BDD) Programs into one new program that allows servicemembers to file claims during TAP briefings up to 1 year prior to discharge."

VBA Comment: VBA requests that OIG remove the reference to allowing servicemembers to file claims during TAP briefings up to 1 year prior to discharge. There is no change in the requirement that servicemembers be within 180 days of separation to participate in VBA's Pre-Discharge Programs.

Page 2, paragraph 4:

"VBA improved its ADTC by reducing after discharge processing days from 250 days in 2011 to 192 days for the period April through June 2013. However, the before-discharge processing days increased from 41 days to 57 days for the same period. The evidence-gathering phase alone averaged 125 days or the same as the Secretary's 125 day average target for completing all phases of claims processing."

VBA Comment: VBA non-concurs with this finding, as it is unclear, misleading, and has no relation whatsoever to claim processing timeliness. The length of this period of time prior to separation is completely at the discretion of the servicemember. Generally, Quick Start allows servicemembers to file a claim anytime within the last 180 days on active duty. The fact that "before-discharge processing days" increased is a direct reflection of the point in time at which servicemembers elected to file their claims.

Page 5, paragraph 1, line 1:

"In addition, intake site and CPS staff use VOR to determine when to perform required claims-processing actions, such as requesting C&P examinations and shipping claims to examination facilities."

VBA Comment: VBA non-concurs with this statement. The actions of intake sites and consolidated processing sites (CPSs) are governed by published program procedures, which provide that examinations should be requested within five days of receipt of the claim and also provide guidance with respect to the shipment of folders to scanning facilities. The VETSNET Operations Report (VOR) is not used to determine when to perform these activities.

Page 5, paragraph 2, line 1:

"However, VOR does not track pending days for individual Quick Start claims from the date VBA receives and establishes active servicemembers' claims to the date DoD discharges servicemembers. Therefore, CPS staff did not have this VOR information available to identify and process the oldest pending Quick Start claims first."

VBA Comment: VBA non-concurs with this statement. An active duty servicemember does not have "status" or eligibility to receive VA disability compensation benefits. It is not until the day following separation from service that a veteran becomes eligible to receive compensation. Timeliness can only be measured beginning when a claimant achieves veteran status and has basic eligibility for a benefit. Similarly, when prioritizing workload based on oldest pending claims, workload is prioritized based on those waiting longest from the date of claim or separation from service, whichever is latest.

Page 5, paragraph 2, line 6:

"According to a Quick Start Program official, VBA is considering extending this period to 1 year. Extending the length of time before discharge to allow servicemembers to submit claims makes it even more critical VOR has the capability to track Quick Start claims prior to discharge."

VBA Comment: VBA requests this statement be deleted. Extending this period is not under consideration.

Page 5, paragraph 4, line 1:

"VBA executives contend that pre-discharge claims-processing time should not be included in timeliness performance measures because some pre-discharge claims-processing activities are outside VBA's control, such as the time VA facilities take to schedule and complete medical examinations."

VBA Comment: VBA non-concurs with this statement, as it is inaccurate. VBA's rationale for not including pre-separation days in processing time is two-fold. First, as a matter of law and as explained above, an active duty servicemember does not have veteran status and is therefore, not eligible to receive VA disability compensation benefits. Second, a pre-discharge claim that is fully developed prior to separation from active duty cannot be decided or promulgated until after separation, when veteran status is attained. To include time waiting for a servicemember to separate and attain veteran status would not provide an accurate measure of VBA's claims processing timeliness.

Page 12, paragraph 4, line 4:

"VBA's Systematic Technical Accuracy Review (STAR) staff did not agree that the rating specialist should have denied the veteran's claim, despite the lack of written policy showing service connection is warranted for a condition with no residuals. However, VBA's STAR staff agreed VBA did not have a written policy that would support the granting of this claim."

VBA Comment: VBA requests that OIG add that service connection was granted at 0 percent disabling. Additionally, policy guidance was issued for this scenario in the Compensation Service Bulletin, November 2013 addendum (Attachment A).

Page 13, paragraph 1, line 3:

"VBA's STAR staff reviewed the claim in November 2013 and agreed the rating specialist should not have denied the veteran's claim without receiving an adequate C&P medical examination."

VBA Comment: VBA does not concur with this statement, as VBA's STAR staff did not agree with OIG's finding that the rating specialist should have granted the veteran's claim for a left shoulder disability. VBA maintains there is no benefit entitlement error associated with the denial of service connection for the left shoulder because:

- The evidence of record was sufficient to make a decision on this claim once the examiner clarified that he had transposed the left and right shoulder in error. No further information was needed to make a decision. In the absence of a left shoulder condition shown in the service treatment records and the normal left shoulder exam in March 2012, the decision to deny service connection for left shoulder osteoarthritis is supported by the evidence of record.

Page 15, paragraph 1, line 4:

"To ensure consistency among CPSs, VBA central office managers, and STAR guidance, VBA needs to revise policies and procedures to clarify that evidence must establish a nexus linking veterans' claimed conditions to military service regardless of diagnosis proximity to discharge."

VBA Comment: VBA non-concurs with this conclusion. The issue of proximity must not be disregarded altogether. Rather, it is one factor of many, considered together with the evidence of record to establish a nexus. VA's regulations, 38 Code of Federal Regulations (C.F.R.) § 3.303 and § 3.159, sufficiently establish the rules for consideration of this important issue. These regulations together confirm service connection may be granted for any disease diagnosed after discharge, when all the evidence, including that pertinent to service, establishes that the disease/condition was incurred in service. Since Quick Start claims are submitted while the servicemember is still on active duty, most times he/she does not have the benefit of an in-service exam. Therefore, these regulations are applied when granting service connection.

Page 17, paragraph 2, line 4:

"Similar to Quick Start claims, servicemembers file BDD claims at DoD and VA intake sites."

VBA Comment: VA has intake sites on military installations; however, the Department of Defense does not have intake sites.

Page 17, paragraph 3, line 1:

"To file Very Seriously Ill/Seriously Ill claims, servicemembers must be discharged from military service because of an injury or illness."

VBA Comment: Very Seriously Ill/Seriously Ill (VSI/SI) are Department of Defense classifications and have no bearing on filing a claim. VA begins processing VSI/SI claims prior to separation. It is not required that a VSI/SI servicemember be separated from military service because of an injury or illness.

Page 18, Table 4, Row 2:

"(Development Initiation:) From date of claim establishment to date of first evidence request. Staff request a C&P examination and prepare a Veterans Claims Assistance Act letter requesting applicable evidence, such as service treatment records, private medical records, and verification of service."

VBA Comment: The request for service treatment records and verification of service do not occur during the development initiation phase. With pre-discharge claims, servicemembers provide service treatment records with their initial application. Verification of service is not requested until after the member separates.

The following comments are submitted in response to the recommendations in the OIG draft report:

Recommendation 1: We recommend the Under Secretary for Benefits establish Veterans Service Network Operations Report capabilities to track claims from the date the Veterans Benefits Administration receives and establishes active servicemembers' claims to the date of Servicemembers' discharge from military service.

VBA Response: Non-concur. An additional VETSNET Operations Report to track the date of receipt of the claim to the date of the servicemember's discharge is not needed. Current VETSNET Future Claim Diary reports track the date an intake site establishes a claim (within seven calendar days of receipt, per M21-MR III.ii.1.B.5.b), and the date following the servicemember's separation from military service (the first date a veteran is eligible for benefits), as well as development progress, which is monitored by the suspense dates and reasons also captured in these reports. This report is utilized for local workload management purposes.

Recommendation 2: We recommend the Under Secretary for Benefits track and report claims-processing time prior to Servicemembers' discharge in timeliness performance results for the Quick Start Program or its successor.

VBA Response: Non-concur. VA assists Servicemembers in filing a Quick Start claim up to 180 days prior to their projected date of separation. VA does not consider in its timeliness calculation the period between receipt of the Quick Start claim and the servicemember's separation from service because:

- VA has no legal authority to pay benefits until the claimant is separated from military service. Therefore, a fully developed claim must be held until the servicemember is separated.
- The active duty service time may be extended, or the servicemember may decide to remain on active duty.
- Inclusion of time waiting for a servicemember to separate from service would not be an accurate measure of VA's timeliness.
- Since the time that elapses between receipt of a pre-discharge claim and the award of benefits may not be directly related to the development of the claim, it should not be included in the measurement.

Recommendation 3: We recommend the Under Secretary for Benefits conduct recurring evaluations that identify needed staffing adjustments to ensure sufficient staff are allocated to accomplish the timeliness targets of the Quick Start Program or its successor.

VBA Response: Concur. VBA is developing a new Pre-Discharge Program that will replace the Quick Start Program. The VBA/DoD Program Office and the Office of Field Operations (OFO) are working to ensure appropriate staffing allocations for the new Pre-Discharge Program. OFO continually evaluates staffing in all workload areas, including pre-discharge, in order to meet timeliness targets. VBA requests closure of this recommendation.

Recommendation 4: We recommend the Under Secretary for Benefits require Consolidated Processing Site and intake site claims assistants staff obtain periodic training on identifying and processing claims submitted through the Quick Start Program or its successor.

VBA Response: Concur. The inference of this recommendation is that VBA does not properly train Claims Assistants on the Pre-Discharge Programs. VBA's August 21, 2013, Fast Letter 13-20, "*Compensation Service National Training Curriculum for Fiscal Year 2014*," (Attachment B) prescribes an initial curriculum, which mandated training for all newly hired Claims Assistants. In addition, Claims Assistants are required to complete 16 hours of station-selected training during fiscal year 2014. Furthermore, all personnel, including Claims Assistants, who process Benefits

Delivery at Discharge (BDD) and Quick Start claims, are required to take the training curriculum titled, "BDD/Paperless/Quick Start Claims Folder." VBA requests closure of this recommendation.

Recommendation 5: We recommend the Under Secretary for Benefits modify Systematic Technical Accuracy Reviews to include a systematic review of claims processed through the Quick Start Program or its successor.

VBA Response: Concur. VBA has made revisions to the Quality Assurance Plan to include special focused reviews of Quick Start claims that are identified by a third digit modifier of seven. These reviews will take place bi-annually each June and December. VBA requests closure of this recommendation.

Recommendation 6: We recommend the Under Secretary for Benefits establish policies and procedures requiring Consolidated Processing Site managers to analyze trends of systemic issues identified during Quality Review Team and Systematic Technical Accuracy Review evaluations of claims processed through the Quick Start Program or its successor.

VBA Response: Concur. As noted in the response to recommendation five, VBA has made revisions to the Systematic Technical Accuracy Reviews to conduct special focused reviews of Quick Start claims that are identified by a third digit modifier of seven. The results of these reviews will be included in our regularly scheduled quarterly error analysis reports that are shared with all RO management to include consolidated processing site managers. This feedback to ROs began in December 2013 (covering FY 2013). Quarterly feedback began in January 2014 and will continue. VBA also implemented local Quality Review Teams (QRT) in March 2012. The local QRT communicates findings with consolidated processing site managers for analysis of trends of claims processed through the Quick Start Program. VBA requests closure of this recommendation.

Recommendation 7: We recommend the Under Secretary for Benefits establish policies and procedures requiring Consolidated Processing Site managers to provide staff recurring training on systemic issues identified during trend analyses of Quality Review Team and Systematic Technical Accuracy Review results.

VBA Response: Concur. As noted in response to recommendation 6, currently each regional office, including the Quick Start sites, receives a quarterly report on the benefit entitlement errors noted for that office under the Systematic Technical Accuracy Review. This quarterly reporting began in January 2014. This report provides information on specific areas that require training based on the STAR findings. The local Quality Review Teams have access to error-trend reports, which are based on local and national errors, to focus local training efforts on areas where the most predominant errors are occurring. VBA requests closure of this recommendation.

Recommendation 8: We recommend the Under Secretary for Benefits revise policies and procedures to clarify that evidence must establish a nexus linking veterans' claimed conditions to military service regardless of diagnosis proximity to discharge.

VBA Response: Non-concur. The rules for the establishment of a nexus linking a veteran's claimed conditions to service are already published in 38 C.F.R. § 3.303 and § 3.159. VBA notes that there are no separate evidentiary standards that have been established for Quick Start claims and that a nexus between the current disability and military service must be shown for all conditions, as provided in these aforementioned regulations.

For direct service connection, 38 C.F.R. § 3.303 requires an event, injury, or disease in service; competent lay or medical evidence of current diagnosed disability or persistent or recurrent symptoms of disability; and a nexus between the current disability and the in-service event, injury, or disease. Additionally, service connection may be established by a showing of chronicity and continuity following service that relates the current disability back to the service period. Per 38

C.F.R. § 3.159(a)(2): "Lay evidence is competent if it is provided by a person who has knowledge of facts or circumstances and conveys matters that can be observed and described by a lay person."

Section 3.159(c)(4) of title 38 C.F.R. requires a medical opinion only if "the information and evidence of record does not contain sufficient competent medical evidence to decide the claim, but... contains competent lay or medical evidence of a current diagnosed disability or persistent or recurrent symptoms of disability... and, indicates that the claimed disability or symptoms may be associated with" military service. Per 38 C.F.R. § 3.159(c)(4)(ii), a medical opinion is not necessary if there is "competent evidence showing post-service treatment for a condition, or other possible association with military service." The regulations, as noted, sufficiently outline the rule for the establishment of a nexus linking a veteran's claimed conditions to service.

Recommendation 9: We recommend the Under Secretary for Benefits require Consolidated Processing Site managers to ensure staff adhere to Veterans Benefits Administration policies related to service connection while processing claims received through the Quick Start Program or its successor.

VBA Response: Concur. All regional offices currently ensure that staff members adhere to VBA policies related to service connection. As noted in the response to recommendation 5, VBA has made revisions to the Quality Assurance Plan to include special focused reviews of Quick Start claims that are identified by a third digit modifier of seven. These reviews will take place bi-annually each June and December. These reviews will be shared with consolidated processing site managers. VBA requests closure of this recommendation.

Appendix F **OIG Response to Under Secretary for Benefits Technical Comments**

The Under Secretary for Benefits comments included 12 technical comments. For 6 of the 12 technical comments, the OIG revised its report to address VBA's concerns. The remaining six technical comments and the OIG's responses are discussed below.

Technical Comment 1

OIG Report Statement (Page 2): VBA improved its ADTC by reducing after discharge processing days from 250 days in 2011 to 192 days for the period April through June 2013. However, the before-discharge processing days increased from 41 days to 57 days for the same period. The evidence-gathering phase averaged 125 days, or the same as the Secretary's 125-day average target for completing all phases of claims processing.

Management Comment: VBA non-concurs with this finding, as it is unclear, misleading, and has no relation whatsoever to claim processing timeliness. The length of this period of time prior to separation is completely at the discretion of the servicemember. Generally, Quick Start allows servicemembers to file a claim anytime within the last 180 days on active duty. The fact that "before-discharge processing days" increased is a direct reflection of the point in time at which servicemembers elected to file their claims.

OIG Response: The report statement highlights a trend that a higher percent of VBA's total claims-processing time is occurring during pre-discharge time. In 2011, the pre-discharge time was 14 percent (41 pre-discharge days ÷ 291 total claims-processing days) and for the period April through June 2013 the pre-discharge time was 23 percent (57 pre-discharge days ÷ 249 total claims-processing days). This further emphasizes why VBA needs to include pre-discharge time in its claim-processing timeliness calculations. Measuring, analyzing, and reporting the time VBA has prior to servicemembers' discharge to process claims allows stakeholders to fully evaluate VBA's ability to effectively use this time to help ensure veterans receive their benefits as soon as possible after discharge. We reiterate that VBA does not accurately report the total time taken to process claims and provide veterans their benefits when it excludes pre-discharge time from its claims-processing timeliness calculations.

Technical Comment 2

OIG Report Statement (Page 5): However, VOR does not track pending days for individual Quick Start claims from the date VBA receives and establishes active servicemembers' claims to the date DoD discharges servicemembers. Therefore, CPS staff did not have this VOR information available to identify and process the oldest pending Quick Start claims first.

Management Comment: VBA non-concurs with this statement. An active duty servicemember does not have “status” or eligibility to receive VA disability compensation benefits. It is not until the day following separation from service that a veteran becomes eligible to receive compensation. Timeliness can only be measured beginning when a claimant achieves veteran status and has basic eligibility for a benefit. Similarly, when prioritizing workload based on oldest pending claims, workload is prioritized based on those waiting longest from the date of claim or separation from service, whichever is latest.

OIG Response: VBA believes it should not include the pre-discharge Quick Start claims processing time in its timeliness calculations. The fact that servicemembers are not eligible to receive VA disability benefits does not prevent VBA from tracking the time and resources spent developing Quick Start claims before servicemembers are discharged from military service.

By not including this time in its timeliness calculations, VBA can report more timely Quick Start claims processing to stakeholders. However, by taking this approach, VBA does not accurately report the total time taken to process claims and provide veterans their benefits. If VBA does not measure the true representation of the time it takes to process Quick Start claims, it cannot accurately determine the resources needed to process the claims timely. Not monitoring claims-processing activities during the pre-discharge period also limits VBA's information on challenges in this stage of claims processing and may inhibit VBA from taking action to address them.

**Technical
Comment 3**

OIG Report Statement (Page 5): VBA executives contend that pre-discharge claims-processing time should not be included in timeliness performance measures because some pre-discharge claims-processing activities are outside VBA's control, such as the time VA facilities take to schedule and complete medical examinations.

Management Comment: VBA non-concurs with this statement, as it is inaccurate. VBA's rationale for not including pre-separation days in processing time is two-fold. First, as a matter of law and as explained above, an active duty servicemember does not have veteran status and is therefore, not eligible to receive VA disability compensation benefits. Second, a pre-discharge claim that is fully developed prior to separation from active duty cannot be decided or promulgated until after separation, when veteran status is attained. To include time waiting for a servicemember to separate and attain veteran status would not provide an accurate measure of VBA's claims processing timeliness.

OIG Response: See the OIG response to the Under Secretary for Benefits' comments on Recommendation 2 in the body of this report and the OIG's response to technical comment 2 earlier in this appendix.

**Technical
Comment 4**

OIG Report Statement (Page 15): VBA's STAR staff reviewed the claim in November 2013 and agreed the rating specialist should not have denied the veteran's claim without receiving an adequate C&P medical examination.

Management Comment: VBA does not concur with this statement, as VBA's STAR staff did not agree with OIG's finding that the rating specialist should have granted the veteran's claim for a left shoulder disability. VBA maintains there is no benefit entitlement error associated with the denial of service connection for the left shoulder because:

- The evidence of record was sufficient to make a decision on this claim once the examiner clarified that he had transposed the left and right shoulder in error. No further information was needed to make a decision. In the absence of a left shoulder condition shown in the service treatment records, and the normal left shoulder exam in March 2012, the decision to deny service connection for left shoulder osteoarthritis is supported by the evidence of record.

OIG Response: The Under Secretary's non-concurrence with the review results for this claim is a reversal of VBA's concurrence during discussions with two STAR staff at VA's Headquarters in Washington D.C. on November 12-14, 2013. This is disappointing considering the good faith efforts the OIG made to discuss and resolve differences prior to issuing the draft report. Appendix D provides more details on these discussions.

VBA policies require RVSRs to return examination reports for correction if they are insufficient to evaluate claimed conditions because they do not include required information or they include conflicting information. In this case, the medical examination in the claims folder did not include left shoulder initial range of motion measurements, results of repetitive use testing, or a clinical diagnosis of a left shoulder condition. The claims folder did include an e-mail from the examiner that stated he did not examine the veteran for the left shoulder condition. Therefore, the RVSR should have returned the examination report for clarification before denying the veterans' claimed condition.

**Technical
Comment 5**

OIG Report Statement (Page 17): To ensure consistency among CPSs, VBA central office managers, and STAR guidance, VBA needs to revise policies and procedures to clarify that evidence must establish a nexus linking veterans' claimed conditions to military service regardless of diagnosis proximity to discharge.

Management Comment: VBA non-concurs with this conclusion. The issue of proximity must not be disregarded altogether. Rather, it is one factor of many, considered together with the evidence of record to establish a nexus. VA's regulations, 38 C.F.R. 3.303 and 3.159, sufficiently establish the rules for consideration of this important issue. These regulations together

confirm service connection may be granted for any disease diagnosed after discharge, when all the evidence, including that pertinent to service, establishes that the disease/condition was incurred in service. Since Quick Start claims are submitted while the servicemember is still on active duty, most times he/she does not have the benefit of an in-service exam. Therefore, these regulations are applied when granting service connection.

OIG Response: Our audit found inconsistencies between statements made by CPS managers, STAR staff and managers, and C&P program managers regarding requirements on considering diagnosis proximity to discharge when establishing a nexus linking veteran's claimed conditions to military service. This demonstrates a need to clarify VBA policies and procedures. The OIG will close this recommendation when VBA provide its revised policies and procedures clarifying that evidence must establish a nexus regardless of diagnosis proximity to discharge. We request VBA provide the revised policies and procedures by December 31, 2014.

**Technical
Comment 6**

OIG Report Statement (Page 23): Development Initiation. From date of claim establishment to date of first evidence request. Staff request a C&P examination and prepare a Veterans Claims Assistance Act letter requesting applicable evidence, such as service treatment records, private medical records, and verification of service.

Management Comment: The request for service treatment records and verification of service do not occur during the development initiation phase. With pre-discharge claims, servicemembers provide service treatment records with their initial application. Verification of service is not requested until after the member separates.

OIG Response: VBA's statement is incorrect and does not reflect claims-processing practices at the CPSs. During our review of claims folders for sampled Quick Start claims, we found that CPSs requested service treatment records during the development initiation phase which was after claims had been established and before gathering evidence. Our review also found that servicemembers did not always provide service treatment records with their initial application. VBA acknowledged and addressed this fact when it issued Fast Letter 10-29 on August 4, 2010, which provided guidance to all regional offices and centers to accept pre-discharge claims received without service treatment records. Finally, the OIG's report states that verification of service occurs during development initiation not that the verification is performed before servicemember discharge.

Appendix G VBA and OIG Disagreements on Claims-Processing Inaccuracies

The Under Secretary for Benefits comments stated that VBA disagreed with 22 (36 percent) of 61 OIG error citations. The Under Secretary is referring to 22 claims where VBA disagreed with OIG accuracy review results before STAR and OIG staff discussed the review results in November 2013. During these discussions, VBA reduced its disagreements by four claims and the OIG agreed five claims did not have errors, thus reducing the number of claims with disagreements to 13 of 56 claims. Appendix D provides additional details on VBA and OIG discussions related to Quick Start claims-processing inaccuracies. Generally, OIG and VBA disagreed because of differences in how claims-processing errors are identified.

How VBA Identifies Errors

VBA's STAR Program staff review a systematic random sample of veteran compensation claims. VBA's STAR Program has three classifications of errors:

- Benefit Entitlement
- Decision Documentation/Notification
- Administrative

The Benefit Entitlement accuracy rate is the official measure of claims-processing accuracy and is the result used for performance measurement purposes. Only outcome-related deficiencies found in the claim under review are recorded as benefit entitlement errors. In other words, VBA does not report all errors it identifies in claims processing as errors affecting rating accuracy. VBA's general guideline is to record an error when an action taken violates current regulations or other directives. Outcome-related deficiencies include, but are not limited to, errors that result in an overpayment or underpayment to a claimant and deficiencies that would result in a remand from the Board of Veterans' Appeals if not corrected.

How OIG Identifies Errors

OIG benefits inspections at VA Regional Offices are strictly compliance-oriented. We determine whether CPSs complied or failed to comply with VBA policy for claims processing. We report errors, classifying them as those that affect veterans' benefits and those that have the potential to affect veterans' benefits. Typically, errors that have the potential to affect veterans' benefits involve situations where the claims folders did not contain the evidence, such as a medical examination needed to properly evaluate the claimed condition. We identify errors that have the potential to affect veterans' benefits that could lead to incorrect benefit payments in the future if left uncorrected.

**Claims with
VBA and OIG
Disagreements**

Below is an explanation of the 13 claims where VBA and OIG disagreed with the Quick Start claims-processing accuracy results.

Claim 1

The Winston-Salem CPS granted service connection for status post left ankle fracture. However, the VA medical examination report noted there was no current active pathological diagnosis for the left ankle. CPS staff concurred with this inaccuracy. STAR staff stated that even though the VA examiner reported no active pathological diagnosis of the left ankle, VBA has historically granted service connection for bone fractures even if there are no residuals.

VBA policy states that service connection means the evidence establishes a particular injury resulting in disability was incurred coincident with service. Even though the veteran fractured his left ankle in service, the evidence showed no current active pathology. Therefore, the OIG concluded the RVSR inaccurately granted service connection.

Claim 2

The Winston-Salem CPS granted service connection for a right hip strain. The veteran only claimed service connection for a left hip condition and service treatment records did not include any complaints, treatment, or diagnosis of a right hip condition. CPS staff concurred with this inaccuracy. STAR staff stated the evidence was sufficient to grant service connection for right hip strain even though the VA medical opinion did not address the requested opinion for the right hip strain.

VBA policy states that service connection means the evidence establishes that a particular injury resulting in disability was incurred coincident with service. Further, VBA policy states an examination report that does not address all disabilities, for which an examination was requested, will be returned as insufficient. Therefore, the OIG concluded the RVSR inaccurately granted service connection.

Claim 3

The Winston-Salem CPS granted service connection for residuals of a mid-tibial stress fracture right leg and residuals of a distal radius fracture left wrist even though there was no evidence of a current disability. CPS staff concurred with this inaccuracy. STAR staff stated that VBA has historically granted service connection for bone fractures even if there are no residuals.

VBA policy states that service connection means evidence establishes a particular injury resulting in disability was incurred coincident with service. Even though the veteran fractured his left wrist and had a right tibia stress fracture in service, the evidence showed no current disability. Therefore, the OIG concluded the RVSR inaccurately granted service connection.

Claim 4

The San Diego CPS granted service connection for adjustment disorder with anxiety. However, the veteran's service medical records did not include

complaints of a mental condition during military service. Therefore, the OIG concluded the RVSR inaccurately granted service connection.

STAR staff disagreed citing this was not a benefit entitlement error. However, the Federal Circuit Court in its decision (*Walker vs. Shinseki*, dated February 21, 2013, No. 2011-7184) held that the provisions of 38 C.F.R. 3.303(b), including those pertaining to continuity of symptomatology, which may be used to establish service connection between a current disease and symptoms observed during service or a presumptive period, apply only to chronic diseases identified in 38 C.F.R. 3.309(a). For other diseases that may be considered chronic, but are not identified in 38 C.F.R. 3.309(a), the claim must be analyzed through 38 C.F.R. 3.303(a), which requires a medical nexus between the condition in service and the current disability as part of the standard three-element test for entitlement to disability compensation.

Claim 5

The Winston-Salem CPS granted service connection for thoracolumbar strain, patellofemoral syndrome, left knee, and left ankle strain. However, the claims folder did not include any medical evidence linking these conditions to military service. Therefore, the OIG concluded the RVSR inaccurately granted service connection.

STAR staff disagreed because the decision to grant the disabilities was clearly not erroneous and did not rise to the level of clear and unmistakable error. STAR staff stated that since the veteran was diagnosed with disabilities within 40 days after discharge that it is a judgment call as to whether or not a nexus opinion is needed. However, as discussed in number 4 above, a medical nexus is required between the condition in service and the current disability as part of the standard three-element test for entitlement to disability compensation.

Claim 6

The Winston-Salem CPS granted service connection for tension headaches with a non-compensable evaluation. However, the RVSR should have assigned a 30 percent evaluation because the VA examination report indicated the veteran suffered from frequent prostrating and prolonged attacks of migraine headache pain that occurred more frequently than once per month.

STAR staff argued that the inaccuracy was not a benefit entitlement error, nor did it rise to the level of a clear and unmistakable error under 38 CFR 3.105(a). In their opinion, the RVSR weighed and rejected the lay evidence from the VA examination. STAR staff also stated the overall evidence as a whole did not support the fact the veteran was having prostrating type headaches, nor did it support the frequency of such headaches. According to 38 C.F.R. 4.124(a), a 30 percent evaluation is assigned for characteristic prostrating attacks occurring on an average of once a month over last several

months. Therefore, the OIG concluded the RVSR inaccurately granted service connection as non-compensable instead of 30 percent.

Claim 7

The Winston-Salem CPS granted service connection for residual fracture right arm. However, the VA examinations report did not diagnose a residual right arm fracture. STAR staff stated that VBA has historically granted service connection for bone fractures even if there are no residuals. VBA policy states that service connection means the evidence establishes that a particular injury resulting in disability was incurred coincident with service. Even though the veteran fractured his right arm in service, the evidence showed no disability. Therefore, the OIG concluded the RVSR inaccurately granted service connection.

Claim 8

The San Diego CPS denied service connection for bilateral knee conditions because the veteran failed to report to the VA examination. However, the veteran's service medical records noted complaints of bilateral knee pain while on active duty and the CPS did not request the C&P knee and lower leg examinations. CPS staff concurred with this inaccuracy.

STAR staff noted the responsibility to order specific examinations for musculoskeletal conditions outside the scope of the general medical examination lies with the VA medical center. Although the list of examinations ordered by the VA medical center did not specifically include a "knee" joint examination, the cancellation request lists various cancelled orthopedic examinations due to the veteran's failure to report. STAR staff's opinion was that because the veteran failed to report for the examinations, it is not clear whether the examiner would have addressed the bilateral knee condition during one of the scheduled orthopedic examinations. VBA policy states a medical examination is necessary if the information and evidence or record does not contain sufficient competent evidence to decide the claim. Therefore, the OIG concluded the RVSR inaccurately denied service connection.

Claim 9

The Winston-Salem CPS granted service connection for residual shoulder dislocation, left shoulder. The RVSR evaluated the veteran at 20 percent disabling based on recurrent dislocation of the scapulohumeral joint with infrequent episodes and guarding of movement only at the shoulder level. However, the Disability Benefits Questionnaire showed the veteran had no guarding of the shoulder. Therefore, the OIG concluded the RVSR inaccurately evaluated the shoulder condition at 20 percent instead of 10 percent.

STAR staff argued the veteran had a confirmed history of recurrent dislocation of the left shoulder with infrequent episodes, and assigning a 20 percent evaluation would be a judgment call not rising to the level of a clear and unmistakable error. However, OIG concluded as the RVSR's decision was factually inaccurate, the error was upheld.

Claim 10

The San Diego CPS failed to follow VBA policy when the RVSR did not return a VA medical examination as insufficient to fully evaluate a suspected veteran's respiratory condition. On a VA general medical examination report, the examiner noted the respiratory condition of sleep apnea. Although the corresponding questionnaire was required to be completed, it was not completed. STAR staff stated there was no benefit entitlement error associated with failing to obtain the proper questionnaire to address the unclaimed condition of sleep apnea. There was no diagnosis of sleep apnea and the veteran did not claim a respiratory condition. VBA policy states that the general medical examiner must fully evaluate any disability that is found or suspected according to the applicable worksheet for each disorder. Therefore, the OIG concluded that the RVSR inaccurately processed the claim.

Claim 11

The San Diego CPS incorrectly evaluated the veteran's service-connected bilateral patellofemoral pain syndrome at zero percent disabling. The VA examination showed full range of motion in both knees without pain. However, the examiner noted functional impairment of both knees due to disturbance of locomotion and interference with sitting, standing, and weight bearing. Further, the examiner noted the veteran's bilateral patellofemoral pain syndrome impacts the veteran's ability to work because activities involving weight bearing (standing, walking, and running) cause bilateral knee pain. The RVSR should have granted a 10 percent evaluation for the veteran's left and right patellofemoral pain syndrome.

STAR staff stated that even though the examiner reported there was functional loss of both knees, the examiner based the report on subjective complaints from the veteran. At the time of the examination, the objective evidence did not support a compensable evaluation. VBA policy states that disturbance of locomotion and interference with sitting, standing, and weight bearing are factors to consider in regard to joint disability. Even when there is no compensable limitation of motion, it is the intention to recognize actually painful, unstable, or misaligned joints as at least minimally compensable. Therefore, the OIG concluded the RVSR under-evaluated the veteran's bilateral patellofemoral pain syndrome.

Claim 12

The San Diego CPS incorrectly evaluated the veteran's service-connected hypertension at zero percent disabling when the medical evidence showed diastolic readings of predominantly 100 or more. Additionally, a VA general medical examination report noted the conditions of sleep apnea and post-traumatic stress disorder. Although VBA policy requires VA examiners to complete corresponding questionnaires, they were not completed.

CPS staff concurred with this inaccuracy. STAR staff stated the overall body of evidence, including the multiple blood pressure readings taken in the 18 months prior to the VA examination, failed to show diastolic readings that were predominately 100 or more. Further, they stated that even though the

examiner is required to evaluate any disability that is found or suspected, in this case, even if the examinations were conducted and showed a current condition related to service, service connection could not be granted without soliciting a claim because the veteran did not claim sleep apnea or post-traumatic stress disorder. STAR staff believed there was no benefit entitlement error as the outcome of this veteran's claim was not affected.

VBA policy states that diastolic pressure predominantly 100 or more warrants a 10 percent evaluation for hypertension. VBA policy also states that the general medical examiner must fully evaluate any disability that is found or suspected according to the applicable worksheet for each disorder. Therefore, the OIG concluded that the RVSR under-evaluated the veteran's hypertension and CPS staff failed to follow VBA policy.

Claim 13

The San Diego CPS staff incorrectly evaluated a veteran's right knee arthritis at 20 percent disabling based on dislocated semilunar cartilage with frequent episodes of "locking," pain, and effusion in the joint. The VA medical examiner noted that the veteran had a meniscus tear with locking, pain, and effusion in the right knee, but also noted that the veteran did not have a meniscal dislocation. CPS staff concurred with this inaccuracy.

STAR staff stated that meniscal dislocation need not be present in order to assign the 20 percent evaluation. VBA policy states that a meniscal dislocation be present in order to warrant a 20 percent evaluation for the meniscus condition. Therefore, the OIG concluded the RVSR over-evaluated the veteran's right knee arthritis.

Appendix H Office of Inspector General Contact and Staff Acknowledgments

OIG Contact	For more information about this report, please contact the Office of Inspector General at (202) 461-4720.
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